DS-252

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Co-mingle production Lease # 6479-61	**Proposed Implementation Date: November, 2007**
Proponent: H&R Energy LLC: P.O. Box 244 Shelby, MT 59474 Ph. # (406) 337- 4503	
Type and Purpose of Action: To co-mingle oil production between State Lease # 6479-61 & the Private Byrne Lease. This proposal will require the installation of 660' of 3" poly line to tie in the two leases. The state battery will be dismantled and removed from the state tract. All production will be metered and stored within the Byrne private lease T35N – R2W – E2 – Sec 35.	
Location: T35N - R2W - N2NW4 - Sec 36	**County:** Toole

I. PROJECT DEVELOPMENT	
1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.	DNRC, MMB, Subsurface/Surface owner H&R Energy, Operator Normont Farms, Surface Lessee
2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:	None
3. ALTERNATIVES CONSIDERED:	Deny the request

II. IMPACTS ON THE PHYSICAL ENVIRONMENT	
RESOURCE	**[Y/N] POTENTIAL IMPACTS** N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)
4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are cumulative impacts likely to occur as a result of this proposed action?	[N] This proposal will take place on northern glaciated plains. The general topography is made up of small rolling hills. The soil profile is moderately deep and consists predominately of silty textures and dense clays. The majority of the lease is cultivated lands planted to small grains. Reclamation will not be required as the proposal is through cultivated lands.
5. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of	[N] Water quality will not be affected as a result of this proposal.

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ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality? Are cumulative impacts likely to occur as a result of this proposed action?	
6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There will be no impact to the air shed as a result of this proposal.
7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] A disturbance will be required as a result of this activity. A trench 4.5 feet deep and a foot wide will be made for the 3'' driscoll line. The trench will be back filled after completion. The disturbance will be planted back to small grain production.
8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There will not be any adverse impact to fish, wildlife, or birds resulting from this proposal.
9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no endangered or threatened species or habitat present on this site.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] During the field inspection there were no historic sites found. The lease records also indicated no cultural sites present within the proposed route.
11. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no prominent topographic features in the proposed area.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, and AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are basically only two major industries within this proposed area. They are agricultural and petroleum industries and both work quite well together.
13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?	[N] None

III. IMPACTS ON THE HUMAN POPULATION	

RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES
14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	[N] This project will not add to the health and safety of the area.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[Y] This particular area is dependent upon both the petroleum and agricultural industries. The reasoning for this proposal is based on economics. Cheaper to run all production into a central battery with low production wells. By removing the state battery this will put more ground into agricultural production.
16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number. Are cumulative impacts likely to occur as a result of this proposed action?	[N] This project will not create any new jobs, as the project will be completed in house by the proponent.
17. LOCAL AND STATE TAX BASE AND TAX REVE-NUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create tax revenue from the sale of oil production.
18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] There will be a temporary influx of traffic during the trenching phase of the project. This traffic will deflate after the work has been completed.
19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[N] None
20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no wilderness or recreational sites accessed through this tract.
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?	[N] None
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[N] None
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N] None
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current management? Is future use hypothetical? What is the estimated return to the trust? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project can benefit the State of Montana in terms of oil production royalties.

EA Checklist Prepared By: Steve Dobson (Name) LUS – Conrad Unit (Title) Date: 11-1-2007

IV. FINDING	
25. ALTERNATIVE SELECTED:	Approve the gas pipeline project under the oil and gas lease.
26. SIGN4IFICANCE OF POTENTIAL IMPACTS:	Short-term and small-scale impacts to the agricultural land under and around the pipeline route is expected. Al land is currently in fallow. All disturbed areas will be recontoured and returned to small grain production. No know archaeological sites are located within the project area. Surface damages to the State and the surface lessee have been settled. A commingling agreement between the State and H and R Energy has been signed. The School Trust will economically benefit from this project by allowing oil from lease to be efficiently marketed. Overall, no negative environmental impacts are expected.
27. Need for Further Environmental Analysis: [ ] EIS [ ] More Detailed EA [X] No Further Analysis	

EA Checklist Approved By: Erik Eneboe (Name) Conrad Unit Manager - CLO (Title)

November 8, 2007

Signature Date